Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1206   (Delegate Kaiser, *et al.*)

Ways and Means and Appropriations

Maryland Longitudinal Data System Center - Data Matching

This bill establishes a framework for two data transfer protocols related to the Maryland Longitudinal Data System (MLDS) Center research as follows: (1) the geocoding of public school students' home addresses to the census tract and block level by each local school system, as specified; and (2) the matching of specified student information to tax information by the Comptroller. The Comptroller must comply with specified data privacy and security standards including the federal Family Educational Rights and Privacy Act (FERPA). For each of fiscal 2021 and 2022, the Governor must appropriate $100,000 to the center to develop the geocoding protocol. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: General fund expenditures increase by an estimated $200,000 in FY 2020, $190,000 in FY 2021, and $145,000 in FY 2022, for programing costs of which $100,000 is mandated in FY 2021 and 2022. Future years reflect the elimination of one-time costs and ongoing database costs. **This bill establishes a mandated appropriation in FY 2021 and 2022.**

(in dollars)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenues	$0	$0	$0	$0	$0
GF Expenditure	200,000	190,000	145,000	30,000	30,000
Net Effect	($200,000)	($190,000)	($145,000)	($30,000)	($30,000)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local school system expenditures may increase minimally to geocode student information as described below.

Small Business Effect: Potential minimal impact for computer programming vendors.

Analysis

Bill Summary:

Geocoding of K-12 Student Data Protocol

The MLDS Center must develop a protocol that is fully aligned with the center's data sets and security standards for (1) a local board to convert each student's home address and geolocation information into census tract and block numbers; and (2) the Maryland State Department of Education (MSDE) to collect the census tract and block number information from a local board and provide the information to the center.

Each local board must convert each student's home address and geological information into census tract and block numbers in a manner and format that are consistent with the protocol developed by the MLDS Center. This data must be provided to MSDE to be provided to the MLDS Center, as specified.

Matching Higher Education Student Data to Tax Information Protocol

The MLDS Center and the Comptroller must also jointly develop a protocol for research purposes to match specified student information to tax information. The "student information" that the Comptroller must match with tax information is specified as student Social Security number, program of study, enrollment, and name of educational institution.

Under the protocol, the center must send specified student information to the Comptroller. Then, the Comptroller must match the student information to tax information to produce aggregated data from the matched information on the average amount of wage or salary earnings from self-employment or other sources of income for individuals within each educational institution or program of study.

The Comptroller may not produce any aggregated data that may be identifiable based on the size or uniqueness of the population under consideration.

The MLDS Center and the Comptroller must jointly develop data handling and security standards for the Comptroller to utilize for the protocol, including specified elements. The Comptroller must comply with any data privacy and security standards in accordance with FERPA and other relevant privacy laws and policies.

Current Law:

Maryland Longitudinal Data System Center

Chapter 190 of 2010 established MLDS to contain individual-level student data and workforce data from all levels of education and the State's workforce. The legislation also established the MLDS Center within State government to serve as a central repository for the data, to ensure compliance with federal privacy laws, to perform research on the data sets, and to fulfill education reporting requirements and approved public information requests. The MLDS Center is administratively housed within MSDE.

The purpose of the data system is to facilitate and enable the exchange of student data among agencies and institutions within the State as well as generate timely and accurate information about student achievement that can be used to improve the State's education system and guide decision makers at all levels. The data system allows users to effectively organize, manage, disaggregate, and analyze individual student data and to examine student progress and outcomes over time, including preparation for postsecondary education and the workforce.

The MLDS Center may only use de-identified data in the analysis, research, and reporting conducted by the center. The center may only use aggregate data in the release of data in reports and in response to data requests.

Under current law, student data collected by MLDS includes State and national assessments; course-taking and completion; grade point average; remediation; retention; degree, diploma, or credential attainment; enrollment; and demographic data. Juvenile delinquency records, criminal and children in need of assistance records, medical and health records, and discipline records are specifically excluded from the types of data that MLDS may collect.

Local school systems, community colleges, public four-year institutions of higher education, and State agencies are required to transfer student-level and transcript-level data as well as workforce data to MLDS under current law.

Federal Family Educational Rights and Privacy Act

At the federal level, FERPA governs the privacy of student data. FERPA generally prohibits the disclosure by schools that receive federal education funding of personally identifiable information from a student's education records, unless the educational institution has obtained signed and dated written consent from a parent or eligible student or one of FERPA's exceptions applies.

Tax Law Confidentiality

Taxpayer information is subject to federal and State confidentiality requirements. State law generally prohibits an employee or former employee of the State or local government from divulging confidential tax information.

Background:

Geocoding of K-12 Student Data

The bill requires each local board of education to convert student home addresses into a U.S. Census Bureau tract and block number. This information will then be transferred to the MLDS by way of MSDE. The MLDS Center can use this information to link U.S. Census Bureau information on aggregate data for each tract or block including socioeconomic data such as median household income. Further, the geocoding of student data may allow the linkage of other aggregate data published by the U.S. Census Bureau.

Matching Higher Education Student Data to Tax Information

The bill also requires MLDS Center and the Comptroller to establish a protocol to match specified student data with tax information. The Comptroller will then provide the aggregated data on the average amount of wages earned from the matched information. The MLDS Center advises this will fill existing gaps in student workforce data created by the fact that unemployment insurance, the center's current source for workforce data, does not capture data on members of the military, federal workers, or individuals who are self-employed. Without this data the center cannot provide accurate data on the potential impact on wages on the attendance at different institutions or earning degrees in certain subjects. It is the hope that this data will provide more accurate policy data.

The MLDS Center also advises that federal tax law prohibits the disclosure of tax information to the center. Montana, faced with the same challenge, decided to have the Comptroller match the student data to the tax data and then disclose the aggregate data to their research center as is done in the bill.

State Expenditures: As shown in **Exhibit 1,** general fund expenditures for MSDE, MLDS Center, and the Comptroller increase beginning in fiscal 2020 to develop and implement the geocoding and tax data protocols. Specifically, general fund expenditures increase an estimated $200,000 in fiscal 2020, $190,000 in fiscal 2021, and $145,000 in fiscal 2022 for programing costs of which $100,000 is mandated in fiscal 2021 and 2022. Actual costs depend on the actual protocols developed. The following information and assumptions were used in this estimate.

Exhibit 1
Estimated Implementation Costs
Fiscal 2020-2024

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
MSDE Geocoding Protocol	$50,000				
MLDS Geocoding Protocol		$140,400	$115,000		
MLDS Tax Data Protocol		20,000			
Comptroller Tax Data Protocol	150,000	30,000	30,000	$30,000	$30,000
Total GF Expenditures	**$200,000**	**$190,400**	**$145,000**	**$30,000**	**$30,000**

GF: General Fund
MLDS: Maryland Longitudinal Data System Center
MSDE: Maryland State Department of Education

Note: The bill mandates $100,000 for the MLDS Center to develop the geocoding protocol in fiscal 2021 and 2022.

Source: Department of Legislative Services

Geocoding of K-12 Student Data

The bill mandates that the Governor appropriate a total of $200,000 in fiscal 2021 and 2022 to develop the geocoding protocol. As shown in Exhibit 1, the MLDS Center advises that developing the geocoding protocol will actually cost an estimated $255,400 in contracting costs in fiscal 2021 and 2022. The $140,400 costs in fiscal 2021 are to develop the protocol. The $115,000 in fiscal 2022 includes $85,000 to train the local school systems to use the protocol and $30,000 for an independent security review of the protocol.

In addition, MSDE estimates $50,000 in programming expenditures related to the geocoding protocol in fiscal 2020. This estimate assumes that any additional workload for both the MLDS Center and MSDE can be handled with existing staff.

Matching Higher Education Student Data to Tax Information

As shown in Exhibit 1, Comptroller general fund expenditures increase an estimated $150,000 in fiscal 2020 due to initial programing costs to set up the database required to match the student data to tax information and $30,000 annually due to system service. In addition, MLDS Center general fund expenditures increase an estimated $20,000 in contracting costs in fiscal 2021 for a security review of the protocol.

Local Expenditures: Local school system expenditures may increase minimally to geocode student addresses. Actual costs depend on the protocol developed by the MLDS Center; however, it is assumed that costs are taken into account in the development of the protocol. In addition, it is assumed that most if not all local school systems already have access to geocoding software for other purposes such as school boundary setting. In that case, local school systems can geocode student addresses using existing resources; however, resources may be temporarily diverted from current activities. To the extent that local school systems do not have access to geocoding software, local school system expenditures may increase minimally to obtain access to the software.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller's Office; Maryland State Department of Education; University System of Maryland; Department of Budget and Management; Baltimore City Public Schools; Baltimore County Public Schools; Anne Arundel County Public Schools; Montgomery County Public Schools; Charles County Public Schools; Department of Legislative Services

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an/rhh

Analysis by: Caroline L. Boice

Direct Inquiries to:
(410) 946-5510
(301) 970-5510